

SEC 17a-4 Rules Matrix

Concept	SEC Sections	ZL Functionality
Indelible Preservation	240.17a-4(f)(2)(ii)(A) Preserve the records exclusively in a non-rewriteable, non-erasable format	ZL Unified Archive - Compliance and Discovery Module ZL is hardware, software, and OS agnostic. ZL is able to archive email and attachments to a WORM device - MO Jukebox, DVD-R Library, or other SEC approved storage device type.
Automated Integrity	240.17a-4(f)(2)(ii)(B) Verify automatically the quality and accuracy of the storage media recording process	ZL Unified Archive - Compliance and Discovery Module ZL performs hash and/or checksums on the data as it is written to media and compares this against the data being brought in from the mail server.
Serial Preservation	240.17a-4(f)(2)(ii)(C) Serialize the original and, if applicable, duplicate units of storage media, and time-date for the required period of retention	ZL Unified Archive - Compliance and Discovery Module ZL serializes all storage units and media, sequentially ordering all messages. Timestamps on each media unit provide date and time to ensure proper ordering and storage.
Index Preservation	240.17a-4(f)(2)(ii)(D) Have the capacity to readily download indexes and records preserved on the electronic storage media to any medium acceptable under this paragraph (f) as required by the Commission or the self-regulatory organizations of which the member, broker, or dealer is a member.	ZL Unified Archive - Compliance and Discovery Module ZL automatically maintains index on all media to ensure ready availability of data index.
Data Accessibility	240.17a-4(f)(3)(i) At all times have available, for examination by the staffs of the Commission and self-regulatory organizations of which it is a member, facilities for immediate, easily readable projection or production of micrographic media or electronic storage media images and for producing easily readable images.	ZL Unified Archive - Compliance and Discovery Module ZL ensures that archived messages are readily accessible via any standard mail client or web browser for viewing, printing, or reproduction. Mails and files can be searched for through ZL's Real-Time Discovery
Data Accessibility	240.17a-4(f)(3)(ii) Be ready at all times to provide, and immediately provide, any facsimile enlargement which the staffs of the Commission, any self-regulatory organization of which it is a member, or any State securities regulator having jurisdiction over the member, broker or dealer may request.	ZL Unified Archive - Compliance and Discovery Module ZL's Real-Time Discovery Engine ensures access to any email immediately. Securities regulators can readily access any message corporate wide using a variety of criteria or search parameters. ZL's Compliance application enables auditors to tag, track, and annotate messages for review across multiple officers.
Redundant Preservation	240.17a-4(f)(3)(iii) Store separately from the original, a duplicate copy of the record stored on any medium acceptable under Rule 17a-4 for the time required.	ZL Unified Archive ZL's archive storage architecture provides simple duplication of media units for duplication and offsite storage requirements.
Comprehensive Indexing	240.17a-4(f)(3)(iv) Organize and index accurately all information maintained on both original and any duplicate storage media.	ZL Unified Archive ZL generates indices on original storage media and uses these same data to generate duplicate media. All indices and message data are faithfully duplicated on redundant media. Indexing is done in real-time.



Index Accessibility	240.17a-4(f)(2)(ii)(A) At all times, a member, broker, or dealer must be able to have such indexes available for examination by the staffs of the Commission and the self-regulatory organizations of which the broker or dealer is a member.	ZL Unified Archive - Compliance and Discovery Module ZL provides ready access of message indices to compliance officers and auditors, enabling fast, efficient searches for mail data within the organization.
Index Redundancy	240.17a-4(f)(3)(iv)(B) Each index must be duplicated and the duplicate copies must be stored separately from the original copy of the index.	ZL Unified Archive ZL provides all tools necessary for entities to generate duplicate indices and mail data for storage away from original index and data.
Index Preservation	240.17a-4(f)(3)(iv)(C) Original and duplicate indexes must be preserved for the time required for the indexed records.	ZL Unified Archive ZL's archival rules engine applies retention times and dates to original and duplicated indices and message data.
Audit Record	240.17a-4(f)(3)(v) The member, broker, or dealer, must have in place an audit system providing for accountability regarding inputting of records required to be maintained and preserved pursuant to Rules 17a-3 and 17a-4 to electronic stage media and inputting of any changes made to every original and duplicate record maintained and preserved thereby.	ZL Unified Archive - Compliance and Discovery Module ZL's platform tracks and accounts for all preserved data and the manner by which mail data is stored within electronic media. ZL's archival platform generates a full log and audit trail of admin defined policies that take place within the system and require tracking.
Audit Record Accessibility	240.17a-4(f)(3)(v)(A) At all times, a member, broker, or dealer must be able to have the results of such audit system available for examination by the staffs of the Commission and the self-regulatory organizations of which the broker or dealer is a member.	ZL Unified Archive - Compliance and Discovery Module ZL provides a full suite of reporting tools, enabling administrators to present log and audit information for examiners and auditors.
Audit Record Preservation	240.17a-4(f)(3)(v)(B) The audit results must be preserved for the time required for the audited records.	ZL Unified Archive - Compliance and Discovery Module ZL stores and retains audit results within the main audit store for the length of the audit record.
Ready Accessibility	240.17a-4(f)(3)(vi) The member, broker, or dealer must maintain, keep current, and provide promptly upon request by the staffs of the Commission or the self-regulatory organization of which the member, broker, or broker-dealer is a member all information necessary to access records and indexes stored on the electronic storage media.	ZL Unified Archive - Compliance and Discovery Module ZL provides multiple, simplified views into the archive. This makes it very simple for authorized personnel to access, search, and identify compliance data from any web browser.
3rd Party Rule	240.17a-4(f)(3)(vii) For every member, broker, or dealer exclusively using electronic storage media for some or all of its record preservation under this section, at least one third party ("the undersigned"), who has access to and the ability to download information from the member's, broker's, or dealer's electronic storage media to any acceptable medium under this section, shall file with the designated examining authority for the member, broker, or dealer the following undertakings with respect to such records:	ZL Unified Archive - Compliance and Discovery Module This section of the rule is often misrepresented by service vendors as requiring or forcing firms to host their data offsite at the hosting vendor's facilities. This is simply not the case and has caused a tremendous amount of confusion for firms. The ZL UA is fully capable of addressing this requirement without the need for hosting services.



The undersigned hereby undertakes to furnish promptly to the U.S. Securities and Exchange Commission ("Commission"), its designees or representatives, upon reasonable request, such information as is deemed necessary by the Commission's or designee's staff to download information kept on the broker's or dealer's electronic storage media to any medium acceptable under Rule 17a-4.

Furthermore, the undersigned hereby undertakes to take reasonable steps to provide access to information contained on the broker's or dealer's electronic storage media, including, as appropriate, arrangements for the downloading of any record required to be maintained and preserved by the broker or dealer pursuant to Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934 in a format acceptable to the Commission's staff or its designee. Such arrangements will provide specifically that in the event of a failure on the part of a broker or dealer to download the record into a readable format and after reasonable notice to the broker or dealer, upon being provided with the appropriate electronic storage medium, the undersigned will undertake to do so, as the Commission's staff or its designee may request.

The rule simply says that a 3rd party must "**furnish to the ("Commission"), such information as deemed necessary by the ("Commission") to download information kept on the broker's or dealer's electronic storage media...**" In other words, the 3rd party must have the expertise and knowledge (information) needed to access the broker's data, and the ability to access the data "**upon being provided with the appropriate electronic storage medium...**" by the commission or regulatory body. This is due to the fact that many solutions use a proprietary format for their archival storage, making it difficult to access without the appropriate knowledge or information.

As an expert in its own software, ZL is fully qualified to act as the 3rd party as defined under this rule and can undertake to do so on behalf of the firm.

Moreover, because ZL stores in open standard MIME format and not in a proprietary or closed format, any standard mail client has the ability to read ZL archived mails.

Lastly, in the Special Report DP3, entitled, **SEC 17a-4 Designated Third Party Requirement for Electronic Storage of Broker-Dealer Records**, Randolph Kahn, Esq. of Kahn Consulting confirms what ZL's contacts at the Commission have also confirmed and states very clearly (page 4, section 6):

6. DOES 17A-4 REQUIRE THAT THE INFORMATION AND RECORDS BE SENT BY BROKERDEALERS TO THE "DESIGNATED THIRD PARTY" FOR STORAGE, EVEN BEFORE A REQUEST FROM A REGULATOR?

An official of the SEC's Division of Market Regulation recently told an industry conference that - contrary to the impression and practice of many firms - 17a-4 does not require that the Designated Third Party physically possess and then directly give to the regulators a copy of the records themselves. Instead, the third party must have the knowledge and ability to access the records when needed."

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